

INCOME TAX APPELLATE TRIBUNAL
AGRA BENCH "SMC": AGRA
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER
(Through virtual hearing)

ITA No. 409/AGR/2025
(Assessment Year: 2017-18)

Raghvendra Singh, Lohgarh, Bhitwar Road, Dabra, Gwalior, MP	Vs.	ITO, Ward-1(1), Gwalior
(Appellant)		(Respondent)
PAN: BERPR1313H		

Assessee by :	None
Revenue by:	Shri Anil Kumar, Sr. DR
Date of Hearing	18/11/2025
Date of pronouncement	26/11/2025

ORDER

1. The appeal in ITA No.409/AGR/2017-18 for AY 2017-18, arises out of the order of the Jt. Commissioner of Income Tax (Appeals)-2, Kolkata [hereinafter referred to as 'Id. JCIT(A)', in short] dated 29.07.2024 against the order of assessment passed u/s 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 25.12.2019 by the Assessing Officer, ITO, Ward-1(3), Gwalior (hereinafter referred to as 'Id. AO').
2. At the outset, I find that there is a delay in filing of appeal by the Assessee before this Tribunal by 325 days. Considering the reasons adduced in the condonation petition, I am inclined to condone the delay in the interest of substantial justice and admit the appeal of the Assessee for adjudication.

3. The only issue to be decided in this appeal is as to whether the Learned CIT(A) was justified in confirming the addition of Rs 5,63,204/- on account of alleged unexplained cash deposits in the bank account during April and May 2016 under section 69A of the Act in the facts and circumstances of the instant case.

4. None appeared on behalf of the Assessee. However, the written submission of the Assessee was placed on record by the Learned AR through email. Accordingly, the appeal is taken up for hearing and disposed of on perusing the materials available on record and based on the written submissions placed by the Learned AR through email. The Assessee is engaged in the business of trading of fertilizers. The return of income for the assessment year 2017-18 was filed by the Assessee on 30-10-2017 declaring total income of Rs 3,31,050/-. The scrutiny assessment was completed under section 143(3) of the Act on 25-12-2019 determining total income of Rs 8,94,254/-. In the said assessment, an addition of Rs 5,63,204/- was made on account of unexplained cash deposit made in the bank account in the months of April and May 2016.

5. It is not in dispute that there were cash deposits made in the bank account by the Assessee. During the course of scrutiny assessment proceedings, the Assessee was asked to explain the source thereon. The Assessee explained the source to have emanated from the cash book regularly maintained by the Assessee. The Assessee furnished the cash book before the Learned AO. The Assessee also submitted that the entire cash book together with the regular books of accounts maintained by the Assessee were duly audited by the chartered accountant. It was submitted by the Assessee that since Assessee is engaged in the business of trading in fertilizers, the cash deposits were made out of regular business receipts of the Assessee which are already recorded in the books of accounts in the cash

book of the Assessee. Hence, it was submitted that the source for the cash deposits gets emanated out of the regular books of accounts and business receipts of the Assessee and cash withdrawals of the assessee and therefore, no addition is warranted thereon.

6. The learned AO noted that during the course of assessment proceedings, Assessee had filed submissions that Assessee has got the agency of IFFDC and maintained full and complete accounts with all bills and vouchers in respect of fertilizers dealt with by him. The Assessee also submitted the entire cash book and bills of IFFDC and also submitted details of month wise cash deposits made in the bank account. The learned AO noted that on perusal of the details filed by the Assessee, the Assessee has shown excess cash in hand in month of April and May 2016 in comparison to opening cash in hand and cash sales performed by him. The Assessee was also asked to submit the reason of high closing cash balance in hand in the month of April and May 2016. The Assessee submitted in response that the closing cash in hand is higher due to payment received from debtors and submitted that he has received debtors payments of Rs 1,80,881.34 in the month of April 2016 and debtors payments of Rs 3,82,323.34 in the month of May 2016. Further the Assessee also submitted the ledger account of all the debtors on which the Assessee has shown receipt of cash payments on various dates in the months of April and May 2016. The learned AO however noted that the Assessee had not submitted any details of sundry debtors from whom the amount was received nor he had submitted any evidences to support the actual payment of such sundry debtors. Further the learned AO noticed that from the income tax return filed for the assessment year 2016-17, the Assessee has shown debtor balance of Rs 3,42,142/- only. Hence the claim of the Assessee that he had recovered Rs 5,63,204/- from debtors in the month of April and May 2016 is not found acceptable.

7. It is not in dispute that the Assessee had furnished the complete month wise cash book, duly reflecting the cash withdrawals and cash sales emanating out of business, which explains the source of cash deposits made in the bank account of the Assessee. Admittedly the cash book and the other books of accounts maintained by the Assessee were not rejected by the learned AO by applying the provisions of section 145(3) of the Act. No defects whatsoever were found in the books of accounts produced by the Assessee. When the source of cash deposit emanates out of the cash book regularly maintained by the Assessee, I find that the lower authorities grossly erred in making an addition of Rs. 5,63,204/- on account of cash deposits by treating it as unexplained. In my considered opinion, no part of the cash deposit is unexplained in the facts and circumstances of the instant case as there was no negative cash balance on any day in the cash book. Hence, I direct the learned AO to delete the addition made in the sum of Rs. 5,63,204/- in the instant case. Accordingly, the grounds raised by the Assessee are allowed.

8. In the result, the appeal of the Assessee is allowed.

Order pronounced in the open court on 26/11/2025.

-Sd/-
(M. BALAGANESH)
ACCOUNTANT MEMBER

Dated:26/11/2025

A K Keot

Copy forwarded to

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR
ITAT, New Delhi